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Budget Guidance Manual Child and Adult Care Food Program



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CONTENTS

| INTRODUCTION | 3 |
|---|----|
| BUDGET SUBMISSION REQUIREMENTS | 5 |
| ACCOUNTING FOR ALL COSTS OF OPERATION | 6 |
| TYPES OF COSTS | 8 |
| COST CATEGORIES | 8 |
| BUDGET AS A MANAGEMENT TOOL | 9 |
| BUDGET REVISIONS | 9 |
| BUDGET DEVELOPMENT | 10 |
| PROCUREMENT PROCESS AND THE BUDGET | 17 |
| COMPLETING THE BUDGET PACKAGE | 17 |
| OPERATING BUDGET WORKSHEETS | 20 |
| ADMINISTRATIVE WORKSHEETS | 26 |
| FINALIZING THE BUDGET | 37 |
| APPENDIX A | 38 |
| ITEMS REQUIRING PRIOR APPROVAL, SPECIFIC PRIOR WRITTEN APPROVAL, AND FNSRO APPROVAL | 38 |
| APPENDIX B | 44 |
| APPENDIX C | 45 |
| APPENDIX D | 46 |
| APPENDIX E | 47 |
| APPENDIX F | 48 |
| APPENDIX G | 51 |
| APPENDIX H | 54 |

INTRODUCTION

The Office of Management and Budget (OMB) 2 Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Award provides governmentwide framework for grants management which will be complemented by additional efforts to strengthen program outcomes through innovative and effective use of grant making models, performance metrics and evaluation.

The Food and Nutrition Service (FNS) Instruction 796-2 Rev. 4 is the predominant United States Department of Agriculture (USDA) instructions that must be followed to establish the financial management system required by the Child and Adult Food Program, when instructions are consistent with 2 CFR 200.

Bright from the Start, Georgia Department of Early Care and Learning (DECAL) has provided more specific guidance via this manual, policies or policy memorandums to increase the reliability of the established financial and grants management system and to reduce the risk of waste, fraud and abuse. Financial and grants management includes, but may not be limited to, budgeting, costing standards, internal control, management of revenues and expenses, management of property, procurement standards, and fiscal audits.

This manual further clarifies the financial requirements that this State Agency requires all institutions to follow in order to comply with the budget submission, approval process, allocation of costs, and charging program expenditures. This guidance is not all encompassing, but is intended to address those areas that sponsors typically find confusing or difficult.

If you are unsure of the steps to take for specific situations not addressed in this budget guidance manual or the FNS Instruction 796-2 Rev. 4, contact DECAL via email for technical assistance at NutritionTA@decal.ga.gov.

CACFP BUDGET CHECKLIST

This step by step checklist is designed to highlight actions to take, when completing the budget. It is not all inclusive, as each organization is unique. Use it to assist with complete and accurate disclosure and documentation of costs to be covered with the CACFP meal reimbursement.

| 1 | . ☐Identify all cost related to Non-Profit food service activities |
|-----|---|
| 2 | . Collect all source documents that support costs |
| 3 | . Determine if costs are shared or 100% food service related |
| 4 | . \square Use the allocation worksheet to prorate shared cost appropriately (Form ID 222 – Available Forms CNP2000) |
| | a. (See page 16 of Budget Guidance Manual) |
| | b. See FNS Instruction 796-2 Rev. 4 (VII A 3 i) Ensure that costs are properly allocated. The cost must be properly |
| _ | allocated so that only the allowable share of the cost is assigned to the Program. |
| 5 | |
| 6 | . \square Ensure the completed management plan accurately reflect the planned use of meal reimbursements |
| | Complete the Budget in CNP2000 |
| 1. | ☐ In the Institution Application section, click line L. Budget, and click Revise Approved Budget |
| | a. If there is no line L. for Budget, recheck your answers in the management plan. |
| 2. | ☐Complete/update the Total Projected Program Income worksheet. |
| | a. If Zero's are present the form is incomplete and must be completed. |
| | b. Use the following link http://decal.ga.gov/documents/attachments/projectedreimburse.xls to update the |
| | projected meal reimbursement for fiscal year 2016 and enter the outcome on line 2 of the Total Projected Program Income Worksheet |
| | c. Be sure to designate the Other Income utilized for your non-profit food service program. |
| | d. Click Save and Continue |
| 3. | \square Select each and all line items, individually, to enter and disclose Non-Profit food service costs. |
| 4. | \square Upload the Related Party Disclosure Form to the first category where cost are disclosed. |
| | http://www.decal.ga.gov/documents/attachments/RelatedPartyDisclosureForm.docx |
| 5. | ☐ Read and follow worksheet instructions |
| 6. | ☐ Enter the TOTAL MONTHLY COST, when requested. |
| | a. Use the allocation box or paper clip function to document allocation of shared costs |
| 7. | ☐ Enter the correct Number of Months in the named column |
| | a. If the Total Monthly Cost is a cost incurred annually (1), if quarterly (4), if monthly (12) |
| | The number of months may not be more than the eligible number, based on date of request and/or effective application approval date |
| 8. | \square Use the paper clip function to upload required documentation. |
| 9. | \square Complete the allocation method box, if any value in the % Allocated to CACFP column is less than 100%. |
| 10. | \Box Use the Sponsor comment box, to explain usual circumstances, to provide information the SA should be aware of, or to |
| | make required disclosures. (Disclose related party relationships, other funding sources) |
| 11. | \square In the Projected % of CACFP Reimbursement column, use ZERO if cost will NOT be paid with CACFP meal |
| | reimbursements. Enter the percentage the extent to which costs will be reimbursed with CACFP meal reimbursements |
| | a. Use the Sponsor Comment box to disclose the source of funding that will be used to cover CACFP costs. |
| 12. | ☐ Save and Continue |
| 13. | ☐ Submit to DECAL |
| 14. | \square An INCOMPLETE status indicates that the budget has NOT been Submitted. |
| | a. Save |
| | b. Submit to DECAL |

BUDGET SUBMISSION REQUIREMENTS

Independent Institutions

An independent institution is required to submit a budget with their initial application so that the State agency can assess whether the institution is financially viable and has adequate financial resources to operate the food service program and can withstand temporary interruptions of CACFP payments and/or fiscal claims against the institution.

Once the initial budget has been approved independent institutions are required to submit a revised budget if the independent center projects to incur costs that require prior approval, specific written prior approval, or to use the meal reimbursements to pay for allowable administrative expenses.

If new supporting documents (i.e., lease agreements for center or office space, equipment rentals supporting procurement documentation, etc.) are required to be submitted in accordance with FNS Instruction 796-2 Rev. 4, 7 CFR 226 (CACFP Regulations), and 2 CFR 200 (which replaces 7 CFR Parts 3015, 3016, and 3019), the independent center must submit a revised budget, and annually thereafter. Please refer to the budget revision section of this manual for a complete list of the budget revision criteria.

The annual administrative budget submitted by an independent center must demonstrate the annual administrative costs paid with CACFP meal reimbursements do not exceed 15 % of the meal reimbursements (estimated or actual) earned during the budget year.

Independent institutions that have no changes to the last approved budget will certify that no changes are necessary on the annual requirement section of the application.

Sponsors of Affiliated or Unaffiliated Centers

Sponsoring organizations are required by USDA to submit a budget annually. 7 CFR 226.6(f) (1) (iv)

Sponsors are required to submit an administrative budget with sufficient detailed information concerning projected CACFP earnings and expenses, as well as other non-Program funds to be used to operate the food service program. DECAL will determine the allowability, necessity, and reasonableness of all proposed expenditures in accordance to the FNS Instruction796-2 Rev. 4, and the Office of Management and Budget Super Circular 200 (2 CFR 200) effective December 26, 2014, which replaces 7 CFR Parts 3015, 3016, and 3019. The annual budget is also used to assess the sponsoring institution's capability to manage CACFP funds.

The annual budget submitted by a sponsor of affiliated or unaffiliated centers must demonstrate the administrative costs paid with CACFP meal reimbursements do not exceed 15 % of the meal reimbursements estimated or actually earned during the budget year. A sponsoring organization of centers must include in the administrative budget, all administrative costs necessary to operate the food service program.

After the initial approval, sponsoring institution must submit a revised budget if the sponsoring institution anticipates incurring new costs that require prior approval, specific written prior approval, or to use the meal reimbursements to pay for allowable administrative expenses. Also, if supporting documentations (i.e., lease agreements for center or office space, equipment rentals supporting procurement documentation, etc.) have changed, the sponsoring institution must submit a revised budget. Please refer to the budget revision section of this manual for a complete list of the budget revision criteria. Sponsoring institutions that will not have to make any changes to the on- line approved budget will certify that no changes are required.

Day Care Homes Sponsors

DCH Sponsors must submit an administrative budget to DECAL annually.

DCH Sponsors are required to submit an administrative budget with sufficient detailed information concerning projected CACFP administrative earnings and expenses, as well as other non-Program funds to be used to operate the program. DECAL will determine the allowability, necessity, and reasonableness of all proposed expenditures in accordance with FNS Instruction 796-2 Rev. 4, and the Office of Management and Budget Super Circular 200 (2 CFR Part 200), effective December 26, 2014, which replaces 7 CFR Parts 3015, 3016, and 3019. The administrative budget is also used to assess the sponsoring Institution's capability to manage CACFP funds.

After the initial approval, DCH Sponsors must submit a revised budget if the sponsoring institution anticipates incurring new costs that require prior approval and specific written prior approval. Also, if supporting documentations (i.e., lease agreements for center or office space, equipment rentals supporting procurement documentation, etc.) have changed, the sponsoring institution must submit a revised budget. Please refer to the budget revision section of this manual for a complete list of the budget revision criteria. DCH Sponsors that will not have to make any changes to the on-line approved budget will certify that no changes are required.

ACCOUNTING FOR ALL COSTS OF OPERATION

Institutions must have a financial management system that ensures that all funds are properly used and expensed in accordance with the FNS Instruction 796-2 Rev. 4, and the Office of Management and Budget Super Circular 200 (2 CFR Part 200), effective December 26, 2014, which replaces 7 CFR Parts 3015, 3016, and 3019. At a minimum, institutions must have an accounting system that is able to separate food service program costs and revenues from other programs costs and revenues.

An estimate of expenses can be used when actual costs cannot be obtained. However, in most cases the institution will already have the actual amount because of a contractual agreement.

Institutions cannot use the meal reimbursement, or administrative earning for CACFP costs that are funded by another source, or charge CACFP for costs incurred under other programs.

Accrual Accounting Required on Final Annual Claims

Institutions using cash based accounting must make all necessary accounting adjustments to report accrued costs and income on the final claim for the fiscal year. Institutions must also take appropriate precautions to ensure that accrued costs and income reported on the final claim are not reported again in a future period.

Cash or Accrual Accounting

Independent institutions, affiliated sponsors, and unaffiliated sponsors may maintain accounting records on either:

1. An accrual basis

a. recording expenses and income when incurred

2. A cash basis

a. recording expenses and income when paid/received

3. A modified accrual basis

a. recording certain expenses and income on a cash basis while recording other costs and expenses on an accrual basis

Eligibility of Costs (Rules for All Costs)

To be allowable, the costs:

- Must represent an actual operating/administrative cost incurred by and in the name of the organization, in the normal course of operating the program;
- Are necessary and reasonable for proper and efficient administration of the program, and are within the guidelines of the Food and Nutrition Service (FNS) Instruction 796-2, Rev. 4, Financial Management;
- Have prior approval or specific prior written approval from DECAL, when applicable; (i.e. related party/less than arms-length transactions)
- Are authorized or not prohibited under state or local laws or regulations;
- Conform to any limitations or exclusions set forth in FNS Instruction 796-2, Rev. 4, Federal laws, or the governing regulations as to types or amount of cost items;
- Are accorded consistent treatment through the application of generally accepted accounting principles;
- Cannot be assignable or included as a cost to any other federally financed program in either the current or prior period;
- Are the net of all applicable credits;
- Are properly allocated; and
- Are adequately documented.
- Are properly disclosed (Use the <u>Related Party Disclosure Form</u> to disclose less than arm's length transactions) Load this form, using the paper clip in the first line where costs are disclosed, in your budget.

TYPES OF COSTS

Generally Allowable Costs

Generally allowable costs are the customary costs that occur in the routine operation of the CACFP and which are allowed by this Instruction, OMB Super Circular 200, FAS Part 31, Federal Regulations, FNS, and State agency policies guidance and instructions. While these costs are generally allowable, an institution must disclose these costs in the operating and administrative budget submitted to BFTS. These costs must also be approved in advance by the BFTS through the budget submission process. Approval of the budget results in the approval of the budget line items but is not a guarantee of allowability of any particular cost or funding of the budget line items.

Costs that Require Prior Approval

Costs that require prior approval are costs that must be specifically identified by item and amount during the budget process. When the item and amount are properly disclosed during the budget process, the approval of the budget meets USDA regulatory requirements unless DECAL specifically disallows the cost in writing. A list of prior or specific prior written approval items is listed in Appendix A.

Costs that Require Specific Prior Written Approval

Costs that require specific prior written approval are costs that are not customarily incurred in the routine operation of the CACFP, but are sometimes necessary and reasonable for proper and effective CACFP operations. Specific Prior Written Approval items are those expenses that are not allowed unless DECAL has provided the institution with specific written approval by item and amount before the cost is incurred. When the items and amounts are not properly disclosed during the budget process, the approval of the budget will not meet USDA regulatory requirements unless DECAL specifically approved the cost in writing. The institution must complete and submit the Specific Prior Written Approval Form with each applicable budget line in the electronic budget package. A list of prior or specific prior written approval items is listed in Appendix A.

COST CATEGORIES

- 1. Operating costs are the expenses incurred by an institution in serving meals to participants under the Program and allowed by the State agency financial management system.
- 2. Administrative costs are incurred by an institution for planning, organizing, and managing a food service under the CACFP allowed by FNS Instructions 796-2 Rev. 4.

BUDGET AS A MANAGEMENT TOOL

The budget is a tool for institutions, sponsors, and DECAL to accurately estimate required costs of operating and administering the food service program. The budget must accurately reflect what is occurring in the institution/sponsoring organization at any given time. Therefore, all institutions and sponsors participating in the CACFP are required to monitor the approved budget costs vs. actual costs on a monthly basis to ensure the proper approval has been obtained.

As a good management practice, institutions/sponsors should review the budget periodically to ensure they adhere to line item totals when reporting on monthly operating and administrative costs throughout the year.

BUDGET REVISIONS

Budget revisions are required when the approved budget has failed to accurately reflect projected food service costs and if the following occur:

- A new costs is incurred:
- A line item increases or decreases by 20% or more;
- A new cost item will be incurred that requires prior or specific prior approval or special consideration:
- When an approved specific prior written approval item's actual cost is found to be more than the actual approved amount; and
- If there is a 10% or more increase or decrease in the number of homes sponsored in any one trimester (according to the Federal Fiscal year) for Day Care Home Sponsors.

A revised budget must be received a minimum of (no less than) 30 days prior to the date of the CACFP meal reimbursement being used to cover that a new costs. The institution or sponsor is responsible for demonstrating and documenting that other funds were used to pay for new cost, not yet approved in the budget. When the sponsor/institution uses CACFP funds to reimburse the costs incurred, it must also demonstrate through bank records, the date and amount of CACFP funds used toward that reimbursement of costs.

Changes (20% or more) in expenses already approved in the budget must be submitted no less than 15 days before the expected change / within 15 days of the change. Adjustments that require prior or specific prior written approval are not allowable program costs until the item is approved in the budget.

Costs are approved as of the effective date of approval, which corresponds to the date of the complete request. A complete request is one accompanied by all required completed/correct forms, clear information, support and evidence satisfying SA questions regarding the costs.

Once the administrative budget is approved by DECAL, the institution/sponsor is expected to adhere to the budget (i.e., pay salaries as stated in the budget). DECAL will evaluate adherence to the approved budget during the scheduled and unscheduled institution/sponsor compliance reviews. Costs incurred and paid with CACFP meal reimbursement, prior to the effective date of the budget revision's approval, will be cited as unallowable costs.

Revising the Budget's Estimated Revenue

The projected revenue for the amended budget will be the actual year-to-date reimbursements plus the estimated projected income for the remaining months of the fiscal year.

Revising the Budget's Estimated Expenditures

The projected expenditures for the amended budget will be the actual year-to -date expenditures plus any projected increase in allowable costs for the remaining months of the fiscal year.

Day Care Homes Sponsors

The projected revenue for the amended budget will be the year-to-date reimbursements plus the Projected Homes "times" Rate for the remaining months of the fiscal year.

KEY STROKES TO REVISE AN APPROVED BUDGET: Navigate to the Institution

Application – Application –Institution Application-Budget-Revise Approved Budget-Modify-Enter Data

BUDGET DEVELOPMENT (Creating a Budget)

1. Determine the estimated amount of income from each funding source, including the estimate meal reimbursements and the maximum potential administrative earnings the institution will receive from the Child and Adult Care Food Program.

₽rior Year Ending Balance in the Food Service Account

This will be the remaining balance in the food service account at the end of the prior fiscal year. This is the amount of CACFP income that was earned but not spent in the prior fiscal years. If all of the CACFP income that was earned in the prior fiscal years was spent, the amount would be zero. The amount that represents administrative earnings should be deducted from this balance.

₽rior Year Excess Administrative Earnings/Excess Funds

The Healthy Hunger-Free Kids Act of 2010 allows Day Care Home sponsors to carry over a maximum of 10 percent of administrative payments into the succeeding fiscal year. For Day Care Home Sponsors, any administrative funds remaining at the end of the fiscal year that exceed 10 percent of that fiscal year's administrative payments must be returned to DECAL. If the 10 percent carryover funds are not expended in the succeeding fiscal year, the Day Care Home Sponsors is required to return the unused funds to DECAL. Day Care Home sponsor can avoid that situation by using its payments for CACFP administrative costs on a first-in-first-out basis.

Sponsors are responsible for correctly accounting for costs, and maintaining accurate financial records and sufficient supporting documentation to demonstrate that costs claimed have been incurred, are allowable, and comply with all applicable Program regulations and policies.

Meal Reimbursements

Use the amount of CACFP meals reimbursement received from the previous year to estimate the amount that will be received in the new fiscal year unless there will be an actual an increase or decreased in the estimated number of meals served. If the projected number of meals to be served is projected to increase or decrease, the institution is required to complete the projected meal reimbursement worksheet (Appendix H) and provide an explanation of the circumstances for the higher or lower numbers.

Administrative Withholding

- ❖ 226.7(g), 226.16(b) (1)) Ceiling on Administrative Reimbursements for Sponsors of Centers
- ❖ 226.12 Administrative payments to sponsoring organizations for Day Care Homes

7 CFR §226.16(b)(1) requires that the administrative budget submitted by a sponsoring organization of centers, and the actual administrative costs of such a sponsoring organization, not exceed 15% of the meal reimbursements estimated to be earned by its sponsored centers during the budget year, unless the State agency grants a waiver.

After the disclosure of total costs, organizations must also ensure that the % Allocated to the CACFP is correct, so that only the allowable portion of shared of costs are requested in the budget.

Independent Centers and Sponsors of Affiliated or Unaffiliated centers must complete the projected reimbursement worksheet to determine the estimated meal reimbursement and estimated maximum amount allowed for administrative costs. See http://www.decal.ga.gov/documents/attachments/projectedreimburse.xls

Sponsoring Institutions of nonaffiliated centers have a fiduciary responsibility to their sponsored facilities to be prudent and responsible as their funding comes from the sponsored facilities. Therefore, sponsors are not allowed to incur costs solely to maximize reimbursement. See FNS 796-2 Rev. 4 VIII I 23 d.

Day Care Home Sponsors must complete the projected reimbursement worksheet in the electronic budget to determine the estimated maximum amount allowed for administrative costs. See APPENDIX B.

Other Funding Sources

The amounts represent your organization's other income source(s) and amount of other income that your organization uses to supplement the CACFP reimbursement to cover the cost of the food service program expenses. The total amount entered should only be enough to cover the costs listed in the column title "Total Operating and Administrative Costs for CACFP" less the projected CACFP reimbursement earned.

₽rogram income

Program Income is the gross income earned from activities supported by the program. When the institution's nonprofit food service includes all of its food service activities, program income is generated by the operation of any aspect of that food service. When the institution's program food service is limited to the CACFP, program income is limited to the incomes that result from operating the CACFP. All income to CACFP must be retained and used only in the institution's program food service. Examples of program income include:

- Participant payments for meals in institutions which operate pricing program
- Payments received from food sales to adults when the total operating cost is not reduce by the cost of adult meals
- Revenue from non-program operations when a separation of program and non-program food service is not appropriate
- Proceeds from the disposition of real and nonexpendable personal property acquired with Food & Nutrition Services funds.
- Royalties and other income earned from the sales or licensing of copyrighted work developed under CACFP

Wther income

Other income includes other funds that result from program operations, or are applied to program operations. Examples of other income include:

- Cash donations earmarked for use in the CACFP food service
- Interest earned on advance administrative or meal services funds
- Funds committed by the intuition to CACFP/Other Sources of Income
- Funds received for CACFP food activities from other nongovernmental resources
- Funds received from the sales of unused or unneeded supplies purchases with CACFP funds.

2. Make a list of all the expenditure items your institution needs to operate the CACFP.

These costs are those that are paid with both CACFP funds and other funding resources. It is helpful to look at items of income and expenditure as Fixed and Variable:

- Fixed expense items are likely to remain the same throughout the year i.e.-rent.
- Variable expense items are likely to change depending on levels of activity.

If an institution is preparing an amended budget, the projected expenditures for the amended budget will be the year-to-date expenditures plus any projected increase in allowable cost for the remaining months of the fiscal year. (Periodic cost typically need to be annualized/averaged in order to represent an accurate annual projection.

3. Define the cost as administrative costs or operating costs.

The administrative costs represent any allowable expenses incurred by an institution in planning, organizing and managing the food service program.

The operating budget represents allowable expenses incurred by an institution in serving meals to participant under CACFP and allowed by DECAL's financial management instructions. Except as provided in §226.18(a) (7), sponsors of day care homes do not have allowable operating expenses.

4. Define the cost as direct or indirect cost.

Direct costs are costs that can be identified directly to a program and/or funding source and must be charged directly to the program. Direct costs which are insignificant in dollar amount may be treated as an indirect cost if the institution is consistent in this application to all cost objectives. Examples of allowable direct costs used in CACFP include:

- Operating and administrative nonprofit food service employee salaries
- Depreciation or use allowances on equipment used in the nonprofit food service program
- Food purchased for use in the nonprofit food service program

Indirect costs are costs that have been incurred for common or joint objectives and cannot be practically identified to the food service program, CACFP, or other institution's program. There are three categories of indirect costs (a) depreciation and use allowance (b) operating and maintenance, and (c) general and administration costs.

- The allocated expenses of the institutions' buildings, capital improvement to land/building and equipment used for common purposes are examples of indirect costs for depreciation and use allowance.
- Operating and maintenance indirect costs are the expenses that have been incurred for the administrative, operation, maintenance, preservation, and protection of the institution physical plant.
- General and administrative indirect costs are the expenses that have been incurred for the overall general executive and the administrative of the institution.
- 5. Ensure the proper procurement process is applied to costs that you intend to request approval for reimbursement with Child and Adult Care Program funds. See the Procurement Process section in this document and the Procurement Manual.
- 6. Determine the "correct" allocation methodology. See Allocation Calculation Tool available in CNP2000 forms and decal.ga.gov/Nutrition/CACFP Forms

 Allocating, also known as prorating, is the system or procedure used to determine the amount or percentage of funding charged to a particular program or institution.

Institutions with multiple funding sources and/or multiple functions must develop a cost allocation plan. Shared costs may be allocated either directly or indirectly to the program's function they support. Institutions must assign a method for allocating shared costs which closely and reasonably reflects the degree of support afforded to each program/function. Sponsors must submit a cost allocation plan in their budget and the basis for any specific rate.

An allocation methodology describes how the item is prorated and directly charged. Simply indicating a percentage of allocation is not sufficient when an allocation methodology is requested. The institution must provide the basis or rational for the methodology, (i.e. number of hours, number of miles, etc.), that is used as the common denominator that divides the cost between a program, project, or sponsorship.

- The cost must be ALLOWABLE.
- The cost must be ALLOCABLE, that is, the program must benefit from the projected expenditure.
- The expense must be REASONABLE, and reflect the cost a "prudent person" might pay.
- Costs that are un allowable, unallocable, and unreasonable may NOT be charged to CACFP.
- Costs must be handled consistently within the institution.

Direct costs allocation

When the allowable direct costs cannot be exclusively classified as operating or administrative costs, or the direct cost benefits several programs, the shared cost must be allocated.

Cost allocation procedures distribute accumulated costs to the programs that benefit from the accumulated costs on the basis of percentages that represent a reasonable and equitable allocation base.

Allocations should never be equally split based on the number of programs administered by an institution, but must be prorated based on the amount of use a particular program receives from a service/product, etc. For example, a sponsoring institution that operates both a day care home and center sponsorship cannot split the use of a copier 50%-50%, just because they operate two programs, unless the percentage is based on an acceptable allocation methodology, which clearly support this division of cost.

Indirect costs allocation

Indirect costs must be allocated on a consistent and rational basis through the development of a cost allocation plan, which is approved by the cognizant Federal or State Agency. OMB Super Circular 200 Subpart E must be used when developing a cost allocation plan.

The following are some typical program cost accounting accumulation categories and the typical equitable bases of distribution:

COST ACCUMULATION

TYPICAL EQUITABLE DISTRIBUTION RASE

Operating Expenses and Equipment

The most equitable basis practical (e.g., floor space, machine hours, or other usage rate measurement). If a piece of equipment is to benefit more than one program, an estimate of the use on each program could be used to determine an allocation percentage. Salaries and Wages-hours chargeable to each program.

Administration Costs

The most equitable basis practical (e.g., salaries and wages, personnel years, total budgeted expenditures or other reasonable and systematic basis). The most equitable basis practical (e.g., floor space, machine hours, or other usage rate measurement). Salaries and wages — hours chargeable to each program. If a piece of equipment is to benefit more than one program, an estimate of the use on each program could be used to determine an allocation percentage. Supplies may be purchased in bulk and then used on various program. It may be possible to internally requisition supplies and charge actual cost to a program.

Indirect Cost

Special care and judgment should be exercised in selecting an equitable basis for distributing indirect costs. Different bases are used, where appropriate, to allocate different types of expenditures. For example, telephone expenditures might be allocated based on salaries and wages costs or hours, but utilities and rent might be allocated based upon square feet of space



Allocation Methodology

Listed below are some additional expenses and allocation methodologies that are typical to charging cost. Use the Budget Guidance - Allocation Tool Worksheet to assist with the identification of logical allocation methods, and accurate calculations.

- Copy and fax
 - Per page charge (In order to allocate copiers or faxes, a log must be maintained so that only those amounts used by CACFP can be properly charged.)
- Mileage
 - CACFP miles versus Total miles
- Rent
 - Square footage of area to be charged versus total square footage of building
 - Actual number of hours of CACFP use versus Total number of hours of space is used
- Salaried Employee and fringe benefits
 - o CACFP hours versus Total hours worked for organization
 - Use the Staff Distribution Worksheet to accurately calculate the % allocated to CACFP by agreement number, and for operating and administrative costs.
- Purchases Service
- Utilities
 - o Square footage of the CACFP space versus Total square footage of building
 - Actual number of hours of CACFP use versus Total number of hour's space is used
 - Utilities analysis performed by utility company

AVOID THIS COMMON BUDGET ENTRY ERROR: When the % Allocated to CACFP is less than 100%, an allocation method is required. (SHOW YOUR MATH!!!!)

7. Consider the options and contingencies.

What if you have a short fall of income? Can activities be scaled down? Would you cancel or postpone certain expenses? What will happen if some income is late? Should you plan for other unexpected circumstances?

If the estimated allowable costs appear to be more than the estimated administrative reimbursement or the meal times rate reimbursement that could be received, the institution must have other funds to supplement these costs.

8. The budget must be presented to the DECAL for review and approval.

PROCUREMENT PROCESS AND THE BUDGET

Institutions must comply with the procurement standards and guidelines in 7 CFR 226.22. These standards shall not relieve the institution of any contractual responsibilities under its contracts. The institution is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements entered into, in support of the CACFP. Institutions may use their own procurement procedures that reflect applicable state or local laws and regulations. The underlying foundation of all procurements is that regardless of the method used, the procurement is conducted in a manner that provides maximum open and free competition. Procurement procedures shall not restrict or eliminate competition. To the extent possible, efforts must be made to include small, minority, and woman owned firms when using solicitation lists.

Most procurement obtained by an institution will follow the Simplified Acquisition Procedures. Included are procurement actions by Micro-purchase and Small purchase. Both procedures are simple and informal procurement methods used in the purchase of goods and services that do not exceed the aggregate amount of more than \$150,000.

Those purchases of goods or services that do exceed the Simplified Acquisition threshold of \$150,000 must be formally procured. The company procurement policy, written code of conduct, invitation to bid (IFB) advertisement, and Invitation to Bid and Contract must be submitted to DECAL for approval. See the Procurement Manual for more information.

Goods and services obtained through purchase, rental or barter received using CACFP funds must be acquired according to the procurement procedures as detailed in the Procurement Manual.

Organizations without Menu Item L. Budget, in the
Institution Application, see the Online Budget Training Part 1
and/or CACFP Management Plan User Manual - form 106

COMPLETING THE BUDGET PACKAGE

- **Step 1 Complete the Total Projected Income Worksheet**
- **Step 2** Complete the Beginning Balance (*Prior Year Excess Balance*) Section
- **Step 3 Calculate the Projected CACFP Meal Reimbursement.**

Complete the Projected Annual CACFP Meal Reimbursements Worksheet to determine the potential amount of reimbursement if the projected amount will increase or decrease. **Use this worksheet** http://www.decal.ga.gov/documents/attachments/projectedreimburse.xls. Additional documentation may be required to justify the increase or decrease.

**Please note that Independent Centers and Center Sponsors must complete this worksheet using total participants enrolled in order to determine the correct claiming percentages.

Enter the number of participants in the free, reduced, and paid meal category according to the completed Income Eligibility Statements, roster and attendance sheets.

(We have auto-populated an amount into Projected Income Worksheet for comparison.)

Your calculated projection is likely most accurate and will be used to calculated your maximum administrative reimbursement. If your calculation is significantly different from the autopopulated amount, an explanation must be submitted.

Independent Institutions – Using the meal reimbursement worksheet calculation, the system will estimate the maximum administrative reimbursement the organization may receive through the Child & Adult Care Food Program (CACFP). Once the total reimbursement is estimated, the institution will be able to determine the amount of the reimbursement that may be available for administrative costs.

** Day Care Homes Sponsor's Projected Reimbursement Worksheet will calculate the estimated maximum administrative earning based on the average number of homes that was claimed in the prior year on the projected worksheet. It is important to remember that the budget should be based on actual costs. If actual costs are not available for administrative expenses, an institution can estimate the costs.

- **Step 4: Complete the "Program Income" Section**
- **Step 5: Complete the "Other Income" Section**
- **Step 6: Complete the Operating Budget**

Input the annual cost for each expenditure item incurred in the nonprofit food service program and that supports the operation of the CACFP. These costs are likely paid with CACFP funds and other funds.

The operating budget represents allowable expenses incurred by an institution related to expenses that are associated with preparation, service, and clean-up of meals.

Documentation must be submitted to support the cost that is listed on the applicable worksheet. However, DECAL may request additional information in order to make an informed decision regarding the allowability of the cost.

The institution is required to submit the Specific Prior Written Approval Request Form for special cost items added to the "Other" worksheet of the Budget Package, cost items not specifically identified elsewhere in the Budget Package, and all costs that are not specifically identified in FNS Instruction 796-2 Rev. 4, but may be listed in OMB Super Circular 200. In addition to the submission of the request form, the institution may be required to submit additional supporting documentation in order for DECAL to make an informed decision regarding the allowability of the cost. Costs requiring specific prior written approval may not be incurred until approval has been granted from DECAL.

Step 7: Complete the Administrative Budget

Input the annual cost for each expenditure item incurred in the nonprofit food service program and that supports the administration of the CACFP. These costs are likely paid with both CACFP funds and other funds.

The administrative budget represents allowable expenses incurred by an institution related to planning, organizing, and managing CACFP. § 226.16(b)(1) requires that the administrative budget submitted by a sponsoring organization of centers, and the actual administrative costs of such sponsoring organizations, not exceed 15 percent of the meal reimbursements estimated to be earned by its sponsored centers during the budget year, unless the State agency grants a waiver.

Documentation must be submitted to support the cost that is listed on the applicable worksheet. However, DECAL may request additional information in order to make an informed decision regarding the allowability of the cost.

The institution is required to submit, the Specific Prior Written Approval Request Form for special cost items listed on the "Special Cost Items" worksheet of the Budget Package, cost items not specifically identified elsewhere in the Budget Package, and all costs that are not specifically identified in FNS Instruction 796-2 Rev. 4, but may be listed in OMB Super Circular 200. In addition to the submission of the request form, the institution may be required to submit additional supporting documentation in order for DECAL to make an informed decision regarding the allowability of the cost.

Costs requiring specific prior written approval may not be incurred until approval has been granted from DECAL.

OPERATING BUDGET WORKSHEETS

1. Food Cost (Generally Allowable Cost) The cost of food is the net cost of food purchases and the net cost of delivered meals and food items. (See FNS Instruction 796-2 Rev. 4 Exhibits E-H and See Procurement Manual)

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%
- Approved Contract or Agreement to Furnish Food
- 2. Food Service Equipment Direct expense (Specific Prior Written Approval) This cost item is listed in FNS Instruction 796-2 Rev. 4 under the cost item entitled "Expensing and Other Property". Equipment means an article of nonexpendable, tangible personal property have a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the institution for financial statement purposes, or \$5000.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%
- Submit Equipment & Depreciation Record Form.
- Submit the Special Prior Written Approval Request Form
- 3. Food Service Equipment Depreciation Expense (Specific Prior Written Approval; See FNS Instruction for specifics) This cost item is listed in FNS Instruction 796-2 Rev. 4 under the cost item entitled "Depreciation and Use Allowances." Depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from asset use. The depreciation method used for the program should be consistent with the method used by the institution for its other federal sponsored and nonfederal sponsored activities. A physical inventory is required, at least once every two years for items funded with federal monies. All equipment over \$5,000 purchased, depreciated, or claimed use allowance should be documented on the Equipment & Depreciation Record form.

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%
- Documentation to support the procurement process must be attached
- Submit the Depreciation Form
- Submit the Special Prior Written Approval Request Form for:
 - a. Depreciation methods that are different from those specified in the FNS Instructions 796-2 Rev. 4
 - b. Direct cost allocation
 - c. Life expectancies
 - d. Unknown acquisition cost

4. Per Office of Management and Budget (OMB) 2 Code of Federal Regulations 200 (Super Circular) 200.436 (d) (4), costs may not be depreciated beyond its useful life. Implementation of the Super Circular was addressed in DECAL Memo- Questions and Answers on the Transition to and Implementation of 2 CFR Part 200 - November 24, 2015. The link follows for your reference.

http://www.decal.ga.gov/documents/attachments/QuestandAnsTransitionImplemCFR.pdf

If this costs exist in your approved budget, revise the approved budget and remove the costs. CACFP meal reimbursement may NOT be used for unallowable costs. Doing so will result in the disallowance of costs and of funds being due to the food service account.

Food Service Equipment - Use Allowance (Specific Prior Written Approval) This cost item is listed in FNS Instruction 796-2 Rev. 4 under the cost item entitled "Depreciation and Use Allowances." Depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from asset use. The depreciation method used for the program should be consistent with the method used by the institution for its other federal sponsored and nonfederal sponsored activities. A physical inventory is required, at least once every two years for items funded with federal monies. All equipment over \$5,000 purchased, depreciated, or claiming use allowance should be documented on the Equipment & Depreciation Record Form.

Use Allowance: Use allowance can be claimed only if the item has been fully depreciated. The maximum annual rate for use allowance on equipment is 6 2/3 percent (.0666) of acquisition cost. Multiply the Total Cost column by 6 2/3 percent (.0666). This will yield the maximum annual use allowance.

Attach the following documents to worksheet and submit to State Agency:

- Documentation for determining use allowance must be attached.
- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Equipment and Depreciation Record Form.
- Submit the Special Prior Written Approval Request Form
- 5. Non-food supplies Cost (Generally Allowable Cost) This cost item is found under the cost category named "Materials and Supplies" in FNS Instruction 796-2 Rev. 4. Allowable cost durable supplies includes material and supplies that does not meet the definition of equipment. Allowable cost for durable supplies is the costs at the time of purchase. Allowable cost of expendable program material and supplies are the actual costs of material and supplies used within the month or less at the time of purchases. When expendable materials and supplies purchases exceed more than one' month usage, allowable costs are limited to the cost of the items actually used for the program during the month. (See Procurement Manual)

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%
- Approved Contract or Agreement to Furnish Food

6. Operating Service Labor and Benefits (Generally Allowable or Specific Written Prior Approval) This cost category includes all forms of compensation earned and all forms of payment, cash, and noncash, for personal services for program administrative and operating labor can be found under the cost item entitled "Labor Costs" in FNS Instruction 796-2 Rev. 4. The institution must maintain on file, the organization's compensation plan, if salary cost is expensed to the CACFP. Documentation of time and attendance and/or time distribution reports must be maintained for all labor costs charged to the program. Refer to pages 41-55 of FNS Instruction 796-2 Rev. 4 and DECAL's Labor Documentation Memo for specific documentation requirements. (See Procurement Manual if a staffing service is utilized). Disclosure is required when related parties are employed. Use the Sponsor Comment box to provide details.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Submit the Special Prior Written Approval Request Form when:
 - a. Compensation to members of nonprofit institutions, trustees, directors, associates, officers, or the immediate families thereof
 - b. Stipends to compensate board members for the costs of attending corporate meetings when program business is conducted requires special consideration and specific prior written approval
 - c. Any change to an institution's compensation policy, which results in a substantial increase in the institution's level of compensation to an individual
 - d. Payment of overtime, holiday pay for work performed on a nonworking holiday & compensatory leave (NOTE: See section regarding exceptions.)
 - e. Incentive payments and awards (except for awards of minimal value, see i (6))
 - f. Severance pay when it does not constitute excess compensation and is required by law, written employer/employee agreement, written policies of the institution, or the terms of a negotiated written labor relations agreement
 - g. Deferred compensation when SA determines the deferral is in best interest of the Program and it does not represent the establishment of a contingency fund, an attempt to defer compensation as a result of an over claim, repayment request, or funding limitation or an attempt to acquire Program funds for unallowable cost purposes
 - h. Amendments or modifications to approved deferral plans

₩anagement Plan

Please ensure that all employees who spend time on CACFP tasks are listed in the Management Plan under "Organization Personnel" in the application. It is important that organization personnel on the application are consistent with the "food service labor and benefit worksheet".

These employees can be salaried or hourly employees that are paid a rate receive per an employment agreement in accordance to the organization compensation plan. Section II of the Management Plan requires institutions to list CACFP staff and identify their primary tasks. The primary functional area should reflect the primary responsibility of an employee versus those tasks that may be performed on an as-needed basis. For example, if an Executive Director also performs monitoring tasks, the Executive Director's primary functional area would fall under Program Administration.

₩age Guidelines

Salaries for operating and administering the CACFP must be consistent with rates paid for similar work and consistent with the amounts reported by the U.S. Department of Labor or State Labor Department for that same field of employment, in the same or comparable geographic location. To ensure that CACFP funds used for salaries are necessary and reasonable, DECAL has identified Standard Occupational Codes (SOC) and calculated related salary/wage ranges for three program functional areas: Program Administration, Provider Training /Monitoring, and Administrative Support. Appendix C presents the CACFP Wage Guidelines for the current year. The wage guidelines are derived from the most recent Occupational Employment Statistics Survey data. DECAL will be responsible for updating Appendix C on an annual basis and ensuring that all institutions receive the updated appendix prior to the submission the budget.

The CACFP Wage Guidelines will only be used to gauge the reasonableness of salaries and wages. Benefits and applicable taxes are not included in the salary or wage ranges.

Annual salary rates will be applied to all program staff that works a minimum of 35 hours per week. Hourly rates will be applied to staff working less than 35 hours a week since the wage guidelines are based on full-time employment or 2080 work hours per year.

For institutions that have multiple agreements with the Nutrition Services Division of DECAL, the Wage Guidelines cannot be applied separately to each agreement. For example, if the same monitor is used under more than one agreement number, DECAL will only approve only one salary for that monitor that may be prorated among multiple agreements.

Note: While the budget is an estimate of these costs, actual costs charged to the institution each month must be based on the actual time worked for the institution as documented. Time studies are not acceptable documentation. Documentation of time and attendance and/or time distribution reports must be maintained for all labor costs charged to the program. Refer to FNS Instruction 796-2 Rev. 4 and DECAL's Labor Documentation Memo for specific documentation requirements.

♣ Compensation Plan

The institution must have a compensation plan. FNS Instruction 796-2 Rev. 4 requires institutions to establish and maintain a written compensation plan for every element of compensation charged to the CACFP. Elements of the compensations include salaries/hourly rates, employment taxes and fringe benefits, overtime compensation, holiday pay and incentive payments/awards and severance pay. When an institution does not have a compensation plan that meets the following criteria, it may not charge labor costs to the CACFP. Upon determining that an institution does not have the required documentation to support charging labor costs to the CACFP, the institution will be given the opportunity to correct this deficiency. If the institution does not sufficiency address the minimum items that must be included in a compensation plan, it will be required by DECAL that the organization utilize CACFP reimbursement in other cost areas other than labor cost.

The compensation plan must at a minimum include the following items:

- Rate of pay
- Hours worked, including breaks and meal periods
- The institution's plan and payment schedule for regular compensation, employment taxes, fringe benefits, overtime, compensatory time, and holiday pay, awards, severance pay, and payroll tax withholding

- Overtime, compensatory time, holiday pay, incentive payments/awards, and severance pay require specific prior written approval from DECAL for each instance and should be include it the institution plan and payment schedule when applicable
- The compensation policy must also reflect the requirements of the US Department of Labor's Fair Labor Standard Act for all FLSA nonexempt employees
- 7. **Operating Benefits** This cost category can be found under the "Labor Costs" cost category under the Fringe Benefits section (section g) in FNS Instruction 796-2 Rev. 4.

Complete all columns for salaried and hourly employees who perform work for the CACFP. The percentage of benefits paid must be equal or less than the percentage of time the employee spends on CACFP tasks.

The employer's share of fringe benefit costs is allowable when all like employees (federally and non-federally funds) received the same benefits in accordance with the established written policy of the institution.

When health/dental insurance premiums are paid per person, the amount of these benefits that can be charged to the CACFP should be based on the amount of time that employee spends performing duties for the CACFP, or for that particular sponsorship

Attach the following documents to worksheet and submit to State Agency:

- Submit a copy of the declaration page and invoice. Documentation indicating the type and cost of insurance, is required
- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- 8. Operating Utilities, Maintenance & Janitorial (Prior Approval or Specific Prior

Written Approval) -These cost items are found under the cost category named "Purchased Services -Other" in FNS Instruction 796-2 Rev. 4. Indicate the total amount of expenses incurred in the Total Monthly Cost column. Indicate the percentage allocated to CACFP activities. Maintenance and service repair contracts on program equipment require specific prior written approval. If utilities are included in rental or lease agreement, utilities should not be listed separately on this worksheet.

Prior Approval

- Arms-length transactions for the maintenance, repair or upkeep of administrative & food service equipment that neither adds to its value nor prolongs its intended Life
- Costs of utilities, purchased security and janitorial service, etc., not included in space or labor compensation costs

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Attach copies of janitorial service contracts
- Submit the Special Prior Written Approval Request Form:
 - a. All less-than-arms-length transactions
 - b. Maintenance & service repair contracts on Program equipment
 - c. All other purchased service costs needed for Program operation

9. Space Cost/Rental Cost/Lease Cost – (Generally Allowable or Specific Written Prior Approval) The cost category for this item can be found in three categories in FNS Instruction 796-2 Rev. 4: 1) Rental Costs; 2) Facilities and Space Costs; and 3) Depreciation and Use Allowance. Depending on the specific situation for which space is being occupied or leased, different requirements apply. Use the Space Cost worksheet, to record space costs for operating space used for CACFP operations. (See Procurement Manual.) Disclosure is required when related parties are employed. Use the Sponsor Comment box to provide details.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Submit copies of rental/lease agreement
- Submit Depreciation Form if required
- Submit the Special Prior Written Approval Request Form:
 - a. The costs for rearrangement & alterations to facilities owned by the institution that are necessary for efficient and effective program operations but do not result in capital improvements (NOTE: See unallowable costs.)
 - b. All special lease arrangements
 - i. Costs for rearrangement and alteration
 - ii. Cost incurred during periods on non-occupancy
 - iii. Single base allocation to prorate maintenance and operation cost iv. Depreciation methods that are difference from those specify in the FNS instructions v.
 - Life Expectancies
 - vi. Unknown acquisition cost
- Costs incurred by the institution during periods of non-occupancy
- A single base such as square footage to prorate maintenance and operation costs between program and non-program activities when these costs are not included in rent or other space charges
- **10. Operating Travel Cost** The items on this worksheet can be found under the cost category entitled "Travel" in FNS Instruction 796-2 Rev. 4. List expenses incurred for operating program costs.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- 11. Other (Specific Written Prior Approval) For costs items not specifically identified elsewhere in the Budget Package, and all costs that are not specifically identified in FNS Instruction 796-2 Rev. 4, but may be listed in OMB Super Circular 200. These costs will require Specific Prior Written Approval, except for Fees and License cost related to Health and Safety Inspection Requirements.

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Specific Prior Written Approval Form
- Small Purchase form if cost exceeds \$3,000

ADMINISTRATIVE WORKSHEETS

1. Administrative Labor – Salaries (Generally Allowable or Specific Written Prior Approval)

This cost category includes all forms of compensation earned and all forms of payment, cash, and noncash, for personal services for program administrative and operating labor can be found under the cost item entitled "Labor Costs" in FNS Instruction 796-2 Rev. 4. The institution must submit the organization compensation plan if labor costs are expensed to the CACFP. Documentation of time and attendance and/or time distribution reports must be maintained for all labor costs charged to the program. Refer to pages 41-55 of FNS Instruction 796-2 Rev. 4 and DECAL's Labor Documentation Memo for specific documentation requirements. Disclosure is required when related parties are employed. Use the Sponsor Comment box to provide details.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Submit the Special Prior Written Approval Request Form
 - a. Request for deferred compensation
 - b. Amendments or modifications to approved deferral plans

♣ Management Plan

Please ensure that all employees who spend time on CACFP tasks are listed in the Management Plan under "Organization Personnel" in the application. It is important that organization personnel on the application are consistent with the "salaries, and benefit worksheet".

These employees can be salaried or hourly employees that are paid a rate receive per an employment agreement in accordance to the organization compensation plan. Section II of the Management Plan requires institutions to list CACFP staff and identify their primary tasks. The primary functional area should reflect the primary responsibility of an employee versus those tasks that may be performed on an as-needed basis. For example, if an Executive Director also performs monitoring tasks, the Executive Director's primary functional area would fall under Program Administration.

Wage Guidelines

Salaries for operating and administering the CACFP must be consistent with rates paid for similar work and consistent with the amounts reported by the U.S. Department of Labor or State Labor Department for that same field of employment, in the same or comparable geographic location. To ensure that CACFP funds used for salaries are necessary and reasonable, DECAL has identified Standard Occupational Codes (SOC) and Georgia Department of Human Resource job codes and calculated related salary/wage ranges for five program functional areas: Chief Executive, Program Administration, Trainer, Monitor, and Administrative Support. Appendix C presents the CACFP Wage Guidelines for the current year. The wage guidelines are derived from the most recent Occupational Employment Statistics Survey data. DECAL will be responsible for updating Appendix C on an annual basis and ensuring that all institutions receive the updated appendix

prior to the submission the budget.

The CACFP Wage Guidelines will only be used to gauge the reasonableness of salaries and wages. Benefits and applicable taxes are not included in the salary or wage ranges.

Annual salary rates will be applied to all program staff that works a minimum of 35 hours per week. Hourly rates will be applied to staff working less than 35 hours a week since the wage guidelines are based on full-time employment or 2080 work hours per year.

For institutions that have multiple agreements with the Nutrition Services Division of Bright from the Start, the Wage Guidelines cannot be applied separately to each agreement. For example, if the same monitor is used under more than one agreement number, Bright from the Start will only approve only one salary for that monitor that may be prorated among multiple agreements.

Note: While the budget is an estimate of these costs, actual costs charged to the institution each month must be based on the actual time worked for the institution as documented. Time studies are not acceptable documentation. Documentation of time and attendance and/or time distribution reports must be maintained for all labor costs charged to the program. Refer to FNS Instruction 796-2 Rev. 4 and DECAL's Labor Documentation Memo for specific documentation requirements.

♣ Compensation Plan

The institution must have a compensation plan.

FNS Instruction 796-2 Rev. 4 requires institutions to establish and maintain a written compensation plan for every element of compensation charged to the CACFP. Elements of the compensations include salaries/hourly rates, employment taxes and fringe benefits, overtime compensation, holiday pay and incentive payments/awards and severance pay. When an institution does not have a compensation plan that meets the following criteria, it may not charge labor costs to the CACFP. Upon determining that an institution does not have the required documentation to support charging labor costs to the CACFP, the institution will be given the opportunity to correct this deficiency. If the institution does not sufficiency address the minimum items that must be included in a compensation plan, it will be required by DECAL that the organization utilizes CACFP reimbursement in other cost areas, other than labor cost.

The compensation plan must at a minimum include the following items:

- Rate of pay
- Hours worked, include breaks and meal periods
- The institution's plan and payment schedule for regular compensation, employment taxes, fringe benefits, overtime, compensatory time, and holiday pay, awards, severance pay, and payroll tax withholding
- Overtime, compensatory time, holiday pay, incentive payments/awards, and severance pay require specific prior written approval from DECAL for each instance and should be included in the institution's plan and payment schedule when applicable
- The compensation policy must also reflect the requirements of the US Department of Labor's Fair Labor Standard Act for all FLSA nonexempt employees

2. Administrative Labor - Benefits

This cost category can be found under the "Labor Costs" cost category under the Fringe Benefits section (section g) in FNS Instruction 796-2 Rev. 4.

Complete all columns for salaried and hourly employees who perform work for the CACFP. The percentage of benefits paid must be equal or less than the percentage of time the employee spends on CACFP tasks (from column 7 of the salaries worksheet).

The employer's share of fringe benefit costs is allowable when all like employees (federally and non-federally funds) received the same benefits in accordance with the established written policy of the institution.

When health/dental insurance premiums are paid per person, the amount of these benefits that can be charged to the CACFP should be based on the percentage of time that employee spends performing duties for the CACFP or for that particular sponsorship.

Attach the following documents to worksheet and submit to State Agency:

- Company Compensation Plan
- Submit a copy of the declaration page and invoice. Documentation indicating the type and cost of insurance is required.
- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- 3. Equipment Direct Expenses (Specific Prior Written Approval) This cost item is found in FNS Instruction 796-2 Rev. 4 under the cost item entitled "Expensing and Other Property". "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the institution for financial statement purposes, or \$5000.00.

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Documentation to support the procurement process must be attached (if under the simplified acquisition threshold, submit the Small Form Item Documentation Form)
- Submit the Special Prior Written Approval Form
- **4.** Equipment Depreciation (Specific Prior Written Approval –see FNS Instruction for specifics) This cost item is listed in FNS Instruction 796-2 Rev. 4 under the cost item entitled "Depreciation and Use Allowances." Depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from asset use. The depreciation method used for the program should be consistent with the method used by the institution for its other federal sponsored and nonfederal sponsored activities. A physical inventory is required, at least once every two years for items funded with federal monies. All equipment over \$5,000 purchased, depreciated, or claiming use allowance should be documented on the Equipment & Depreciation Record form.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Documentation to support the procurement process must be attached (if under the simplified acquisition threshold, submit the Small Form Item Documentation Form
- Equipment and Depreciation Record Form
- Submit the Special Prior Written Approval Request Form for:
 - a. Depreciation Methods that are different from those specified in FNS Instructions
 - b. Direct Cost allocation
 - c. Life Expectancies
 - d. Unknown acquisition costs
- 5. Per OMB 200.436 (d) (4), costs may not be depreciated beyond its useful life. Implementation of the Super Circular was addressed in DECAL Memo- Questions and Answers on the Transition to and Implementation of 2 CFR Part 200 November 24, 2015. The link follows for your reference.

http://www.decal.ga.gov/documents/attachments/QuestandAnsTransitionImplemCFR.pdf

If this costs exist in your approved budget, revise the approved budget and remove the costs. CACFP meal reimbursement may NOT be used for unallowable costs. Doing so will result in the disallowance of costs and of funds being due to the food service account.

Equipment – Use Allowance (Specific Prior Written Approval)

This cost item is listed in FNS Instruction 796-2 Rev. 4 under the cost item entitled "Depreciation and Use Allowances." Depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from asset use. The depreciation method used for the program should be consistent with the method used by the institution for its other federal sponsored and nonfederal sponsored activities. A physical inventory is required, at least once every two years for items funded with federal monies. All equipment over \$5,000 purchased, depreciated, or claiming use allowance should be documented on the Equipment & Depreciation Record form.

USE ALLOWANCE: A use allowance can be claimed only if the item has been fully depreciated. The maximum annual rate for use allowance on equipment is 6 2/3 percent (.0666) of acquisition cost. Multiply the Total Cost column by 6 2/3 percent (.0666). This will yield the maximum annual use allowance.

Attach the following documents to worksheet and submit to State Agency:

- Documentation for determining use allowance must be attached.
- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Equipment and Depreciation Record Form.

6. Durable Supplies (Generally Allowable)

This cost item is found under the cost category named "Materials and Supplies" in FNS Instruction 796-2 Rev. 4. Allowable cost durable supplies includes material and supplies that do not meet the definition of equipment.

Attach the following documents to worksheet and submit to State Agency:

Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.

7. **Expendable Supplies (Generally Allowable)**

This cost item is found under the cost category named "Materials and Supplies" in FNS Instruction 796-2 Rev. 4. Allowable cost of expendable program material and supplies are the actual cost of material and supplies used within three month or less of the time of purchases. When expendable materials and supplies purchases exceed more than three months usage, allowable costs are limited to the cost of the items actually used for the program during the month. Include paper, pens, and other supplies on this worksheet.

Attach the following documents to worksheet and submit to State Agency:

Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.

8. **Supplies-Educational (Generally Allowable)**

This item is found under the cost category named "Materials and Supplies" in FNS Instruction 796-2 Rev. 4. Estimate the cost and description of staff education supplies used for CACFP. Educational supplies include nutrition education materials. Include cost of copying that is incurred for educational purposes only. If supply costs are not incurred on a monthly basis, indicate the quantity and indicate the frequency, whether twice a year, or annually, etc.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- When entering the quantity per month, please remember to use the average based on the number of months the institution will operate.
 - 1. If quarterly cost, enter actual quarterly cost and select 3 months.
 - 2. If semi-annual cost, enter actual semi-annual cost and select 2 months.
 - 3. If annual cost, enter actual annual cost and select 1 month.

9. **Printing (Prior Approval)**

This item is found under the cost category named "Publication, Printing, and Reproduction". Printing costs are services paid for printing or reproduction of forms, brochures, and newsletters. Specifically list the name of the form, instruction booklet, or handbook that will be used this coming fiscal year. Include specific titles and quantity. If printing costs are not incurred on a monthly basis, indicate the quantity based on the frequency and manually indicate the frequency, whether twice a year, or annually, etc. You may be asked to provide additional documentation to support printing costs.

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than
- When entering the quantity per month, please remember to use the average based on the number of months the institution will operate.
 - a. If quarterly cost, enter actual quarterly cost and select 3 months.
 - b. If semi-annual cost, enter actual semi-annual cost and select 2 months.
 - c. If annual cost, enter actual annual cost and select 1 month.

10. Postage (Generally Allowable)

List postage charges such as stamps, bulk mailing, or certified mail charges. The cost of the lease of a postage meter should be listed with leased equipment. If costs are not incurred on a monthly basis, indicate the quantity based on the frequency, whether twice a year, or annually, etc.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%
- When entering the quantity per month, please remember to use the average based on the number of months the institution will operate.
 - a. If quarterly cost, enter actual quarterly cost and select 3 months.
 - b. If semi-annual cost, enter actual semi-annual cost and select 2 months.
 - c. If annual cost, enter actual annual cost and select 1 month.

11. Office Space/Rental/Lease Costs (Specific Written Prior Approval)

The cost category for this item can be found in three categories in FNS Instruction 796-2 Rev. 3: 1) Rental Costs; 2) Facilities and Space Costs; and 3) Depreciation and Use Allowance. Depending on the specific situation for which space is being occupied or leased, different requirements apply. Use the Office Space Cost worksheet to record space costs for administrative space used for CACFP.

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Submit complete copies of rental/lease agreement with signature and dates of both parties. Disclose less-than-arm's length transactions
- Equipment and Depreciation Record Form, if required Submit the Special Prior Written Approval Request Form:
 - a. The costs for rearrangement & alterations to facilities owned by the institution that are necessary for efficient and effective program operations but do not result in capital improvements (NOTE: See unallowable costs.)
 - b. All special lease arrangements
 - i. Costs for rearrangement and alteration
 - ii. Cost incurred during periods on non-occupancy
 - Single base allocation to prorate maintenance and operation cost iv.Depreciation methods that are difference from those specify in the FNS instructions v.
 - Life Expectancies
 - vi. Unknown acquisition cost
- Costs incurred by the institution during periods of non-occupancy
- A single base such as square footage to prorate maintenance and operation costs between program and non-program activities when these costs are not included in rent or other space charges

12. Utilities, Maintenance, Janitorial Services* (Prior Approval/Specific Written Prior Approval)

These cost items are found under the cost category named "Purchased Services -Other" in FNS Instruction 796-2 Rev. 4. Indicate the total amount of expenses incurred in the Total Monthly Cost column. Indicate the percentage allocated to CACFP activities. Maintenance and service repair contracts on program equipment, require specific prior written approval. If utilities are included in rental or lease agreement, utilities should not be listed separately on this worksheet

Prior Approval

- Arm's-length transactions for the maintenance, repair or upkeep of administrative & food service equipment that neither adds to its value nor prolongs its intended life
- Costs of utilities, purchased security and janitorial service, etc., not included in space or labor compensation costs

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Attach copies of janitorial service contracts
- Submit the Special Prior Written Approval Request Form:
 - a. All less-than-arms-length transactions
 - b. Maintenance & service repair contracts on Program equipment
 - c. All other purchased service costs needed for Program administration

13. Insurance Premiums (Specific Written Prior Approval)

This cost item can be found in FNS Instruction 796-2 Rev. 4 under the cost item by the same name. Allowable insurance cost includes premiums on insurance policies, contributions to self-reserves, and deductible payments for minimal loss that are required and identified in the institution's agreement. Indicate the total amount of insurance paid per month in the top table if paid monthly or the total annual cost in the bottom table if paid annually.

- Attach a copy of premium invoice or documentation indicating type and cost of insurance
- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Submit the Specific Prior Written Approval Request form for all items.
 - a. Costs of other insurance, not required by the SA, maintained by the institution in connection with the general activities of the Program when the type, extent, & cost of coverage in accordance with general state or local government policy and sound business practices
 - b. Costs of insurance or contributions to any self-insurance reserve covering the risk, loss, or damage to Federal Government property to the extent that the institution is liable for such loss or damage
 - c. Contributions to a reserve for self-insurance to the extent that the reserve meets state insurance requirements and the type of coverage, extent of coverage, & the rates & premiums would have been allowed had insurance been purchased to cover the risks

14. Contracted/Professional Services (Generally Allowable or Specific Written Prior Approval)

The items listed within this budget worksheet will be found under different cost categories in FNS Instruction 796-2 Rev. 4. Audits are found under the cost category of the same name. Accounting, legal, or other professional services for persons who are members of a particular profession or who possess a particular skill, are found under the cost category entitled "Legal Expenses and Other Professional Services." Data processing is found under the cost category "Purchased Services – Other." Refer to CACFP Policy 02/22 for further guidance on contracted services.

Attach the following documents to worksheet and submit to State Agency:

- Copies of all signed, executed contracts must be submitted. Contracts must meet the requirements listed below under "Contract requirement".
- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Submit the Specific Prior Written Approval Request form for required items.
 - a. All less-than-arms-length transactions;
 - b. Maintenance & service repair contracts on Program equipment;
 - c. The sponsoring institution's cost to pursue administrative and judicial recovery of funds due from sponsored facilities

♣ Audits Policy No.: CACFP/03-27

Audits include both organization-wide and program audits meeting the requirements of 7CFR Part 3052. Federal regulations require all non-profit institutions which expend \$750,000 or more in Federal funds per fiscal year are required to submit an audit report based on Governmental Accounting Standards and in compliance with OMB Circular A-133 to the Federal Audit Clearinghouse, Georgia Department of Audits and Accounts, and Bright from the Start: Georgia Department of Early Care and Learning (DECAL).

DECAL reserves the right to require for-profit institutions that expend \$750,000 or more in federal funds per fiscal year to submit a copy of an audit report based on Governmental Accounting Standards and in compliance with 2 CFR Part 200 Subpart F, to DECAL on a case-by-case basis. The audit report for profit institutions must follow the same requirements as previously described for non-profit institutions. Bright from the Start will notify selected profit institutions if they are required to submit an audit report.

Filing and payroll fees for CACFP employees as required by Federal and/or State law, and required in the administration of the program and reasonable in relation to services provided are allowable when properly procured, See FNS Instructions 796-2 Rev. 4 section 24. In contrast, fees for filing the institution's corporate or nonprofit status income taxes, such as filing a 990, are considered general business expenses and are not allowable CACFP expenses. See FNS Instructions 796-2 Rev. 4 sections 20 and 37.

15. Communication Costs (Prior Approval/Specific Written Prior Approval)

This cost item can be found in the FNS Instruction 796-2 Rev. 4 under the cost item by the same name.

Attach the following documents to worksheet and submit to State Agency:

- Copy of a current bill in the name of the institution/sponsoring organization must be attached for each item charged.
- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.

<u>Cell Phones (Prior Approval/Specific Written Prior Approval)</u> The FNS Instruction 796-2 Rev. 4 allows the State Agency to impose prior approval requirements for cellular telephones and pagers leased or owned by the institution. DECAL has imposed such a requirement.

The institution must submit a current itemized bill to support the cost. If the institution does not currently have an itemized bill, it should take steps to receive such a bill upon approval of the cost. Bills may be requested and reviewed periodically by Bright from the Start.

16. Advertising and Public Relations Cost (Prior Approval)

This cost item can be found in FNS Instruction 796-2 Rev. 4 under the category entitled "Advertising and Public Relations Costs." Advertising media include newspapers, magazines, radio and television, direct mail, web pages, and similar goods. You may be asked to provide additional documentation to support costs.

Attach the following documents to worksheet and submit to State Agency:

• Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.

17. Membership, Subscriptions, and Professional Institution Activities (FNSRO Approval)

This cost item can be found in FNS Instruction 796-2 Rev. 4 under the cost category entitled "Membership, Subscriptions, and Professional Institution Activities." Describe purpose for dues, subscriptions or memberships. An individual membership is not allowable if institutional memberships are available.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Submit explanation for request for memberships in civic or community organizations if requesting use of CACFP funding

18. Day Care Home (DCH) Licensing Expenses (Day Care Home Sponsors Only) (Prior Approval/Specific Written Prior Approval)

This cost item can be found in FNS Instruction 796-2 Rev. 4 under the cost category of the same name. Day care home sponsoring institutions are eligible to use up to \$300 of administrative funds per day care home to enable certain income eligible homes to meet licensing, registration, or alternate approval standards.

The institution must use 2 CFR Part 200 Subpart E, and FAR Part 31, as applicable, when developing a cost allocation plan.

19. Other and Special Cost Items (Specific Written Prior Approval)

In the upper table, list items such as bank charges or other allowable items that are not listed elsewhere in the budget. Special Cost Items will require the submission of the Specific Prior Written Approval Request form and supporting documentation. The special costs items listed in Appendix A identify the specific sections in FNS Instruction 796-2 Rev. 4 where the items and guidance on cost categories can be found.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Submit the Specific Prior Written Approval Request form and other documentation to support special cost items.

20. Program Operations Travel Expenses (Prior Approval)

The items on this worksheet can be found under the cost category entitled "Travel" in FNS Instruction 796-2 Rev. 4. List expenses incurred for program monitoring, provider training, and any other program related activities. Enter the monthly average of expenses incurred.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Documentation of travel costs

21. In-State Travel (Prior Approval)

State agency sponsored training costs may be found under the "Meetings and Conferences" and "Travel" cost category in FNS Instruction 796-2 Rev. 4. Prior approval is required for the allowable travel and registration fee for attending meeting and conferences devoted solely to CACFP.

Institutions must submit a registration form or brochure to support the cost. Workshops that are not totally CACFP focused must be prorated based on the amount of time the workshop covers CACFP topics and require specific prior written approval.

Airfare for In-State travel will only be approved if documentation is submitted that shows the airfare is more reasonable than travel by car.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Attach copies of training brochures or registration material for conferences or classes

22. Out-of-State travel for CACFP Related Conferences (Prior Approval or Specific

Written Prior Approval) Information regarding CACFP related workshops can be found under "Meetings and Conferences" in FNS Instruction 796-2 Rev. 4. The specific provisions regarding lodging and travel allowances are found under the "Travel" cost category.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- Attach copies of training brochures or registration material for conferences
- Submit the Specific Prior Written Approval Request form for conferences where CACFP is only a portion of a larger child and adult related agenda.

23. Participant Training & Support Costs (Prior Approval)

List costs for provider monitoring and technical assistance visits, travel to provider training (if applicable), and all other program-related activities. Travel for sponsor staff training, meetings and conferences should be reported under either Travel for In-State Meetings or Travel for Out-of-State Meetings. Include employee names, purpose for travel, and monthly average costs.

Mileage may include staff travel for training, workshops, meetings, etc. If vehicles owned by the sponsoring organization, or any of its employees are used for CACFP administrative duties, a mileage allowance not to exceed the prevailing rate may be charged to the CACFP. The mileage allowance is considered to be the full cost for operating the vehicle including fuel, depreciation, insurance, and maintenance, but excluding the driver's salary.

List all estimated out-of-state travel costs, specifying the conference title, names or number of employees traveling, and associated costs. The items listed on this worksheet can be found in FNS Instruction 796-2 Rev. 4 under the cost category by the same name.

Indicate rental costs of facilities or equipment for training for the fiscal year. Also indicate costs related to hearing appeals of actions taken by a sponsor that affect a facility's participation or funding. (Any related travel costs, such as mileage, meals and lodging is to be included in the Program Operations Travel Expenses Category). Allowable participant training costs require prior approval.

Attach the following documents to worksheet and submit to State Agency:

- Show your math in the Allocation Method box when the % Allocated to CACFP is less than 100%.
- If the conference or event is not CACFP-focused, travel costs must be prorated. If a conference is not solely CACFP-related, costs must be prorated between programs.

 Attach documentation supporting the percentage allocated to the CACFP.

24. Staff Training (Prior Approval)

Specify the meeting or conference to be attended, the names or number of employees traveling, and associated travel costs for each meeting. Meetings and conferences must be CACFP-related. Indicate training supplies to be used for staff training. (Any related travel costs, such as mileage, meals and lodging is to be included in the Program Operations Travel Expenses Category)

25. Indirect Costs (Prior Approval)

Indirect costs must be supported by a cost allocation plan that assigns an indirect cost rate. The institution must submit a copy of the document that shows the indirect cost rate (nonprofit rate agreement) assigned. The institution must also submit an explanation of the base amount used to determine the indirect costs and the mathematical calculation showing how the indirect costs that are being charged to CACFP were derived.

Attach the following documents to each line item to submit to State Agency:

- Non Profit Indirect Cost Rate Agreement identifying the approving cognizant agency
- An explanation of the base amount used to determine the indirect cost and a calculation showing the cost being charged to the CACFP.
- Show you math in the Allocation Method box when the % Allocated to the CACFP is less than 100%

FINALIZING THE BUDGET

- Check and recheck all math calculations in the budget
- Be sure all requested supporting documents including: job descriptions, rental or lease agreements, etc. are attached
- Use the Sponsor Comment box whenever necessary for explanation
- Attach clarifications whenever necessary
- Upload all required documentation, disclosure forms, and specific prior approval requests
- Provide all required information
- Complete all required worksheets

ITEMS REQUIRING PRIOR APPROVAL, SPECIFIC PRIOR WRITTEN APPROVAL, AND FNSRO APPROVAL

The following is a list of items that require the institution to receive prior or specific prior written approval from Bright from the Start: Department of Early Care and Learning (DECAL) or the Food and Nutrition Services Southeast Regional office prior to using CACFP reimbursement to pay for the item. The first column lists the cost topic that requires prior approval; the second column lists the section; and the third column lists the page where the item is found in the FNS Instruction. The fourth column lists the specific item that requires prior approval. If the institution uses reimbursement to pay for any of the items listed, but does not submit a budget and receive approval prior to paying the cost, the cost is not allowable and will have to be repaid to the CACFP account.

| Cost topic | | # | | Approva | Specific Prior Written Approval | FNSRO Approval |
|---|----------------|----|---|---------------------------|--|-------------------|
| Advertising & Public Relations Costs | | 19 | Public relation costs for pamphlets, news releases & other information services | YES | | |
| Communication | 8 a (1) | 21 | Cellular phones & pagers owned or leased by the institution – SA's may impose prior approval or specific prior written approval | *YES DECAL requires | | |
| Contributions & Donation Costs | 10 a | 22 | Costs required to make goods or services donated to the institution usable for the Program | | YES | |
| Day Care Home Licensing Standards Costs | (1, 2) | 26 | Supplies such as smoke detectors & fire extinguishers; minor alterations such as adding handrails; and the costs of fire & safety inspections & licensing fees are required to permit a income eligible day care home to mee licensing approval standards | | YES | |
| Depreciation | 13 b () | 28 | All space and facility depreciation methods other than 30 year straight line or method used & accepted for Federal income tax reporting purposes | | YES | |
| | 13 a (1) | 28 | For publicly owned buildings, the amount assigned as the acquisition cost | | YES | |
| | 13 d (1)(a) | 29 | All equipment depreciation methods other than 15 year straight line depreciation or method used & accepted for Federal income tax | | YES | |

| Cost topic | | Pg. # | Specific Item | Prior Approval | Specific Prior Written Approval | FNSRO Approval |
|---|----------------|----------|--|-------------------|--|-------------------|
| Depreciation | | | reporting purposes | | | |
| | 13 d (1)(c) | 30 | Unknown acquisition cost | | YES | |
| Employee Morale, Health, & Welfare Costs & Credits | 14 | 32 | All costs in this category | | YES | |
| Expensing Equipment and Other Property | 16 a | 34 | The program's share of the cost for most equipment & improvements can be directly expensed (NOTE: See 16 b for unallowable costs.) | | YES | |
| Facilities & Space Costs | 17 a (3) | 35 | The costs for rearrangement & alterations to facilities owned by the institution that are necessary for efficient and effective program operations but do not result in capital improvements (NOTE: See unallowable costs.) | | YES | |
| | 17 d (1) | 36 | All special lease arrangements (see 36 d, below) | | YES | |
| | 17 d (2) | 36 | Costs incurred by the institution during periods of non-occupancy | | YES | |
| | 17 d (3) | 36 | A single base such as square footage to prorate maintenance and operation costs between program and non-program activities when these costs are not included in rent or other space charges | | YES | |
| Insurance | 21 a (2)(a) | 37 | Costs of other insurance, not required by the SA, maintained by the institution in connection with the general activities of the Program when the type, extent, & cost of coverage in accordance with general state or local government policy and sound business practices | | YES | |

| Cost topic | Section | Pg. # | Specific Item | Prior Approval | Specific Prior Written Approv | FNSRO Approv al |
|---|-----------------------|----------|--|-------------------|--|-----------------------|
| Insurance | 21 a (2)(b) | 37 | Costs of insurance or contributions to any self-insurance reserve covering the risk, loss, or damage to Federal Government property to the extent that the institution is liable for such | | YES | |
| | 21 a (2) (c) | 37 | Cost of directors and officers insurance provided that the insurance policy actually provides liability coverage related to the CACFP and, if the policy also provides coverage for non-CACFP liability, The CACFP share of the cost is properly allocated. | | YES | |
| | 21 a (2)(d) | 37 | Contributions to a reserve for self insurance to the extent that the reserve meets state insurance requirements and the type of coverage, extent of coverage, & the rates & premiums would have been allowed had insurance been purchased to cover the risks | | YES | |
| Interest, Fund Raising, & Other Financial Costs | 22 a (1)(a) i | 38 | Stop payment charges for facility advance & reimbursement payments and other Program disbursements, whether by check or EFT | | YES | |
| | 22 a (1)(a) ii | 38 | Program account reconciliation and analysis fees, including the allocated share of fees charged for commingled accounts | | YES | |
| | 22 a (2) | 38 | Interest incurred after 10/1/98, for non-profit private institutions and after 10/1/80, for public institutions on institutional debt used to acquire or replace allowable equipment or other property or make allowable improvements (NOTE: See unallowable costs.) | | YES | |

| | 22 c (1) | 40 | Arm's length transactions (NOTE: See section on information required when requesting specific prior written approval.) | YES | |
|-------------|-------------|----|---|-----|-------------|
| | 22 c (2) | 40 | Less-than-arms-length transactions (NOTE: See section on information required when requesting specific prior written | YES | YES |
| Labor Costs | 23 d (1) | 48 | Compensation to members of nonprofit institutions, trustees, directors, associates, officers, or the immediate families thereof require special consideration and specific prior written approval | YES | |
| | 23 d (2) | 48 | Stipends to compensate board members for the costs of attending corporate meetings when program business is conducted requires special consideration and specific prior written approval | YES | 23 d (2) |
| | 23 d (3) | 48 | Any change to an institution's compensation policy that results in a substantial increase in the institution's level of compensation to an individual or all employees requires special consideration and specific prior written approval | YES | 23 d (3) |
| | VI D 3 | 7 | Excess funds from an institution's nonprofit food service account used for increases in salaries for fringe benefit costs to improve food service operations, principally for the benefit of the participants. | YES | VI D 3 |
| | 23 h | 50 | Payment of overtime, holiday pay for work performed on a nonworking holiday & compensatory leave (NOTE: See section regarding exceptions.) | YES | 23 h |
| | 23 i | 51 | Incentive payments and awards (except for awards of minimal value, see i (6)) | YES | 23 i |

| Cost topic | | # | Specific Item | Prior Approval | Prior Written Approv | FNSRO Approv al |
|---|--------------|----|--|-------------------|----------------------------|----------------------------|
| Labor Costs | 23 j | 52 | Severance pay when it does not constitute excess compensation and is required by law, written employer/employee agreement, written policies of the institution, or the terms of a negotiated written labor relations agreement | | YES | |
| | 23 k (1) | | Deferred compensation when SA determines the deferral is in best interest of the Program and it does not represent the establishment of a contingency fund, an attempt to defer compensation as a result of an over claim, repayment request, or funding limitation or an attempt to acquire Program funds for unallowable cost purposes | | YES | |
| | 23 k (11) | 55 | Amendments or modifications to approved deferral plans | | YES | |
| Legal Expenses & Other Professional Services | 24 a (1) | 56 | The sponsoring institution's cost to pursue administrative and judicial recovery of funds due from sponsored facilities | | YES | |
| | 24 a (2) | 56 | The institution's costs for services performed by individuals who are not officers, employees or members of the institution (NOTE: See section for additional information.) | | YES | |
| Management Studies | 26 (a) | | The cost of studies directly related to the Program that are performed by entities other than the institution itself | | YES | Managem ent Studies |
| Materials & Supplies | 27 | 58 | SA may establish specific prior approval requirements for durable supply acquisitions | | SA Decision | Materials & Supplies |

| Cost topic | | Pg. # | Specific Item | Prior Approval | Specific Prior Written Approv | FNSRO Approv al |
|--|-------------|----------|---|---------------------------|--|-----------------------|
| Meetings & Conferences | 28 a (1) | 59 | Travel & registration fees for attending meetings & conferences devoted solely to the CACFP | *YES DECAL requires | | |
| | 28 a (2) | 59 | Allocated share of travel & registration fees when CACFP is only a portion of a larger Child & Adult Care related agenda | | YES | |
| Membership, Subscriptions, & Professional Institution Activities | 29 a (4) | 60 | Costs of public and not for profit institutions memberships in civic or community institutions | | | YES |
| Participant Training & Other Participant Support Costs | 30 a (1) | 61 | Training-administrative costs (NOTE: See section for a list of these costs.) | YES | | |
| | 30 a (2) | 62 | Training-operating costs (NOTE: See section for a list of these costs.) | YES | | |
| | 30 a (3) | 62 | Facility appeals costs (NOTE: See section for more information.) | YES | | |
| Proposal Costs | 32 | 64 | Costs of preparing proposals on potential FNS Child Nutrition Program grants | | YES | |
| Publication, Printing, & Reproduction | 33 | 64 | All allowable costs require prior approval | YES | | |
| Purchased Services – Other | 34 a (1)(a) | 65 | Arms-length transactions for the maintenance, repair or upkeep of administrative & food service equipment that neither adds to its value nor prolongs its intended life | YES | | |

| Cost topic | Section | Pg. # | Specific Item | Prior Approval | Specific Prior Written Approva | FNSRO Approval |
|----------------------------|----------------|----------|---|-------------------|---|-------------------|
| Purchased Services – Other | 34 a (1)(b) | 65 | Costs of utilities, purchased security and janitorial service, etc., not included in space or labor compensation costs | YES | | |
| | 34 a (2) | 65 | All less-than-arms-length transactions; maintenance & service repair contracts on Program equipment; and all other purchased service costs needed for Program operation | | YES | |
| Rental Costs | 36 d | 68 | Special lease arrangements capital leases, sale-with-lease-back leases, less-than-arms-length transactions, & lease with option-to-purchase (NOTE: See section for more information. These also require special consideration.) | | YES | |
| Termination Costs | 38 a | 71 | Institution's necessary & reasonable costs of ceasing CACFP operations | | YES | |
| Travel | 39 | 72 | Costs for Program travel (NOTE: See section for more information.) | YES | | |

APPENDIX B

DAY CARE HOME SPONSOR PROJECTED ADMINISTRATIVE REIMBURSEMENT WORKSHEET

| Name of Institution: | | | | | | | | _ | |
|---|---|--|--|--|---|---------------------------------------|--|--|---|
| Total # of Homes: | | | | | | | | | |
| the maximum admin sponsors will only go will likely be less. S incurred to operate the determining the proj | nistrative rei et paid for h Sponsors sho he CACFP. ected admir ative reimbo | mbursonomes to the could be the | ement that the chart claim reseaware of the laiming history reimburse and listed below that the chart listed below the company that the chart listed below the company that the chart listed below the chart listed that the chart listed the | te institution imbursements fact and pry of their ment; how | me in the cell above. On will receive for the ent, and not all homes create a realistic budger sponsored facilities so ever, the projected and ets that exceed the maximum and the exceed the | upco appr et ba houl noun | oming fiscal yoved, the addused on actual do be taken in the should be e | year. Howe ministrative I costs that to consider qual to or le | ever, because reimbursement must be ation when ess than the |
| | # Homes per each Rate | | Rate | | Monthly Reimbursement | | # Months | | Yearly Reimbursement |
| First 50 homes or less (#1- #50 homes) | | X | \$111.00 | = | | X | 12 | = | Temoursement |
| Next 150 or less (#51-#200 Homes) | | X | \$85.00 | = | | X | 12 | = | |
| Next 800 homes (#201-#1000 homes) |) | X | \$66.00 | = | | X | 12 | = | |
| Rest of homes sponsored (homes #1001 and over) | | X | \$58.00 | = | | X | 12 | = | |
| Total # of Homes: | | | | | | | Total Ma Administ Reimburs | rative | |

APPENDIX C

FY 2016 WAGE GUIDELINES

| | FUNCTIONAL AREAS | | | | | | | | | |
|--|--|---------------------------|---------|---------|---------------------------|--|--|--|--|--|
| | 1*** | 2 | 3 | 3 | 5 | | | | | |
| CACFP Tasks | Chief Executive/ COO/ Superintendent | Program Administration | Trainer | Monitor | Administrative Support | | | | | |
| Corporate Oversight | X | X | | | | | | | | |
| Corporate Fiscal Oversight | X | | | | | | | | | |
| Responsible for Reporting to Governing Body | X | | | | | | | | | |
| Plans/Directs Funding/Grant Acquisition | X | | | | | | | | | |
| Complete Application | | X | | | | | | | | |
| Complete Management Plan | | X | | | | | | | | |
| Complete Budget | | X | | | | | | | | |
| Determine IES | | | | | X | | | | | |
| Training (Provide or Attend) | | X | | | | | | | | |
| Accounts Payable | | X | | | | | | | | |
| Process Payroll | | X | | | | | | | | |
| Review and correct supporting claim documentation | | | | | Χ | | | | | |
| Prepare claim for reimbursement | | | | | X | | | | | |
| Computer/data entry | | | | | X | | | | | |
| Plan Menus | | | | | Х | | | | | |
| Record/calculate point of service meal counts | | | | | X | | | | | |
| General CACFP Administration & Financial Oversight | X | X | X | | | | | | | |
| Clerical | | | | | X | | | | | |
| Monitoring | | | | X | | | | | | |
| On-site reviews | | | | X | | | | | | |
| Travel to/from facilities | | | X | X | | | | | | |
| Supervisory oversight of monitors | | X | X | | | | | | | |
| Writing review reports | | | X | X | | | | | | |
| Follow-up reviews | | | X | Х | | | | | | |
| Parental contact | | | X | X | | | | | | |
| Training facilities | | | X | | | | | | | |
| Claims processing | | | | | Х | | | | | |

Standard Occupational Code (SOC) ***11-1011 11-9151 *61-745 *19-614 43-6014

| | Social and | | | | | |
|---|-----------------|------------------------------|---|-----------------------|----------------------------------|--|
| SOC Title | Chief Executive | Community Service Manager | Technical Assistance Coordinator/Trainer | Compliance Monitor | Legal, Medical, and Executive | |
| Occupational Employment Statistics (OES) | | ····anage | | | <u> </u> | |
| Maximum - Annually | \$207,888.72 | \$69,248.40 | \$68,411.20 | \$62,296.00 | \$37,889.28 | |
| Maximum - Hourly | \$99.95 | \$33.29 | \$37.82 | \$34.44 | \$18.22 | |
| OES State Occupational Employment and Wages May 2013 *Georgia Department of Human Resources 2014 | \$86.91 | \$28.95 | \$32.89 | \$29.95 | \$15.84 | |

^{***}Function code is available only to institutions/sponsoring organizations with multiple funding sources, or multiple activities unrelated to the CACFP and/or SFSP

Note: Annual salaries are based on 2,080 hours per year. For part-time staff, the hourly rate represents the maximum.

APPENDIX D

SMALL PURCHASE ITEM DOCUMENTATION Bright from the Start: Georgia Department of Early Care and Learning

| Name of Individual Sol | iciting Information: | | | _ | |
|------------------------|---------------------------|---------------------------|-----------------------------|------------------------|---------------------------|
| nstructions: Use this | form to document the sn | nall purchase procedures. | Individual and aggregate am | ounts that exceed \$3, | <mark>50</mark> 0 must be |
| lagramantad halarry At | tack additional aumnomtin | a dagumantation to this f | oma Cinala an nata tha wand | on coloated Comple | to bottom costion |

documented below. Attach additional supporting documentation to this form. **Circle or note the vendor selected.** Complete bottom section if the lowest bidder was not selected.

| Vendor Name, Address, Telephone | Individual's Name and Position Providing Price Quote | Item Name/Description of the goods or services, including quantity, any other pertinent terms or conditions required by the organization and date of services | Date of Contact | Method of Contact | Discussion with Vendor | Price Quote and Duration | Final Negotiated Price |
|--|--|---|--------------------|-------------------------|------------------------------|-----------------------------------|------------------------------|
| Vendor 1 | | | | | | | |
| Vendor 2 | | | | | | | |
| Vendor 3 | | | | | | | |

If the lowest bidder was not selected, document below the reasons the lowest bidder could not meet the specific contract terms sought.

APPENDIX E

SPECIFIC PRIOR WRITTEN APPROVAL REQUEST FORM

Specific Prior Written Approval items are those that are not customarily incurred in the routine operation of the CACFP. The organization must complete and submit the Specific Prior Written Approval Request Form when requesting "Other" or "Other Special Cost" items, costs not specifically identified on another worksheet in the Budget Package, for all less than arm's length transactions, and for all costs that are not identified in FNS Instruction 796-2 Rev. 4. Attach additional sheets or supporting documentation such as contracts as applicable.

| Institution Name: | | | Agreement #: |
|---|----------------------|-------------------------|---|
| Fiscal Year Cost will be incurred: | | | Estimated Date of Purchase: |
| Item Name and Description: | | | Cost of item: (Indicate frequency |
| Explain why this cost is necessary an incurring this cost: | d why the organiz | ation would not | be able to operate the CACFP without |
| 2) Describe how the type and amount of sponsored facility) would incur under the | ne same circumstar | nces by answerin | ng the following: |
| a) How does the cost represent a genera | ally accepted sound | business praction | ce and provide specific examples of such: |
| b) Indicate the type of transaction below Instruction 796-2 Rev. 4. Arm's length | | | <u> </u> |
| Arm's length transaction | | Less than a's length | Transaction results in ownership interest |
| the organization, its members, employe | es, clients, the pub | lic at large, the I | this cost, considering their responsibilities to Federal government and CACFP efit sponsored facilities and its impact on the |
| | | | |
| d) Identify the established practices of to may be required to submit personnel po | | | would represent an ordinary expense (You is cost): |
| 3) Check here to certify that proper published the Small Purchase Documentation | | dures will be fol | lowed. If a small purchase, complete and |
| | | | |
| | | | |
| Signature of Institution Staff | | Date | |

APPENDIX F

EXAMPLES

Depreciation Method:

(Straight line depreciation spreads depreciation expenses evenly across an asset's depreciable life)

Example:

Little Ones, Inc. participates on the CACFP. Little Ones, Inc. buys a mainframe computer system at a cost of \$8,200.00 and has a life expectancy of 5 year.

When charging depreciation expense to CACFP, the depreciation method should be consistent with the method used by the institution for its other activities.

Depreciation is calculated by using the acquisition cost, the life expectancy of the item, and the costs of improvements, alternations or repairs that extend the useful life of the item.

\$8200.00 total acquisition cost 5-life expectancy \$8200 / 5 life expectancy = \$1640.00 yearly depreciation amount

Rental costs when the organization has a less than arm's length agreement

Example:

Promise Preschool, Inc. is on the CACFP and pays rent to Jolly Holding, LLC. The President of Promise Preschool, Inc. is the Vice President of Jolly Holding, LLC. Because one person has common interest in both Organizations, this lease agreement is considered less than arm's length. The projected cost must be closely scrutinized to ensure that facility costs are properly calculated. The depreciation calculation would be considered. \$163,000 total acquisition cost

\$10,000 value of land

30-life expectancy of building

\$163,000 total cost - \$10,000 value of land = \$153,000 total acquisition cost of building

\$153,000 / 30 life expectancy = \$5,100 yearly amount

Multiply the yearly amount by the percentage of CACFP space:

600 sq. ft. of kitchen space / 6,000 total sq. ft. of building = .10 or 10%

2,000 per month rent * .10 = 200 = 2,400 per year.

\$5,100 yearly amount x .10 CACFP space percentage = \$510 CACFP yearly lease cost that could be claimed In any "less than arm's length" transaction, lease agreements are limited to the amount that results from applying 30 year life expectancy to the property's acquisition cost less the value of land for space and facilities;

15 year life expectancy to the acquisition cost of equipment, excluding automobile and ADP equipment and 5 year life expectancy for automobile and ADP equipment

A less than arm's length transaction is defined in Exhibit A of the FNS Instruction 796-2 Revision 4 as one under which one party to the transaction is able to control or substantially influence the actions of the other(s) which includes, but is not limited to the following:

- Divisions of an organization;
- Organizations under common control through common officers, directors, or members;
- An organization and a director, trustee, officer, key employee of the institution or immediate family, either directly or through corporations, trusts or similar arrangements in which a controlling interest is held

Costs under less than arm's length transaction may be charged as a **direct expense** after receiving specific prior written approval from the State Agency or FNS Regional Office, but cannot exceed the amount that would have been allowed had the item been owned by the institution. A direct expense does remove cash from the program account. In the example above, depreciation costs, are less than rental costs and depreciation costs is the allowable facilities cost. Information on less than arm's length transactions can be found page 69 of FNS Instruction 796-2 Rev.4 which can be found under the following website address under CACFP Participant Information

Handbooks/Instructions.

Proration Example:

The following is an example of how to prorate rental charges for the office used to complete paperwork. The total square footage of the office would be divided by the total square footage of the entire building. This percentage would be multiplied by the rent. This calculation would yield the percentage of rent for the office as a whole for the entire day. Since the office is not used the entire day for CACFP purposes, the amount of rent would have to be further prorated based on the amount of time the office is used for CACFP purposes. This calculation is done by dividing the amount of time the office is used for CACFP purposes by the total amount of time the center is open for business. This percentage is then multiplied by the amount formerly prorated by the square footage.

Example: Rent is \$1,000. Square footage of the office is 800 square feet. The entire building is 10,000 square feet. The center is open 10 hours a day and the office is used 3 hours out of the day for CACFP purposes.

AllocationMethodology

800 / 10,000 sq. feet = .08 or 8% percentage of square footage for office \$1,000 (in total rental costs) x .08 = \$80 total rental cost for office space 3 / 10 hours per day = .3 or 30 % percentage of time office used for CACFP \$80 x .3 = \$24 In this scenario, \$24 could be charged to the CACFP for rent for use of the office for completion of paperwork.

Salary and Wages Example for staff completing Operating and Administrative CACFP Duties:

The Program Contact performs CACFP operating and administrative duties. Item #2 of the Staff Profile of the Management Plan indicates responsibilities by check boxes, in both functional areas. Item #3 indicates that 38% of time (15/40 hours) is spent of CACFP duties. The Program Contact earns \$3,000 per month.

Allocation Methodology

\$3,000* .38= \$1,140

15/40 hours per week are spent completing CACFP related tasks. 10/15 hours are spent for operating duties.

5/15 hours are spent on administrative duties, for a total of 15 hours per week spent on CACFP related tasks. \$1,140 *.25 = \$285 is the maximum portion allocable to the Operating section of the budget for the Program Contact's salary.

 $1,140 \cdot 08 = 91.20$ is the maximum portion allocable to the Administrative section of the budget for the Program Contact's salary.

The respective % Allocated to CACFP is 15% and 8% in the Operating section (Food Service Labor and Benefits line item) and Administrative (Salaries/Benefits) sections of the budget. If an organization does not intend to use meal reimbursements for administrative costs, the Projected % of CACFP Reimbursement column should read 0 (ZERO).

APPENDIX G

CONTACT INFORMATION

| NUTRITION SERVI | CES and AUDITS AND COMPLIANCE DIVISION C | ONTACTS | |
|------------------------------|---|---------------|--|
| Amy M. Jacobs | Commissioner | 404-651-7436 | |
| Falita Flowers | Nutrition Services Director | 404-656-6452 | |
| Leslie Truman | Nutrition Administrative Assistant CACFP Registration and DCH Updates | 404-657-1779 | |
| Sonja Adams | Policy Administrator | 404-651-8193 | |
| Takisha Golden | Training Manager | 404- 651-7426 | |
| Meggan Hemans-Reese | Technical Assistance Coordinator-East Region | 404-651-7192 | |
| Danna Foster | Technical Assistance Coordinator-North/Northwest | 770-357-7062 | |
| Lakisha Robinson | Technical Assistance Coordinator SE Region | 478-314-2806 | |
| Deidrea Thompson | Technical Assistance Coordinator-Metro/West Region | 866-370-3203 | |
| Christy McCray | Program Coordinator/Application Supervisor | 404-651-7191 | |
| Kenya Taylor | Business Operations Specialist | 404-463-4040 | |
| Paula Lawrence | Nutrition Application Specialist (H-P) | 404-463-2111 | |
| Demetria Thornton | Nutrition Application Specialist (0-G) | 404-463-2182 | |
| Shericka Blount | Nutrition Application Specialist (Q-Z) | 404-656-6411 | |
| Tammie Baldwin | Business Operations Specialist | 404-656-6332 | |
| Valecia Jones | Business Operation Specialist (Temporary Staff) | 404-651-5170 | |
| Jacqueline Marchant-Boshears | Business Operation Specialist-Budgets (Temporary Staff) | 404-463-1494 | |
| Tanya Astin | Budget Analyst | 404-651-7181 | |
| Shani Drake | Nutrition Outreach Manager | 404-656-3221 | |
| Charnele Dobbins | Procurement and Purchasing Compliance Officer | 404-656-2472 | |

All email addresses are <u>firstname.lastname@decal.ga.gov</u>

APPENDIX H

Related Party – Less Than Arm's Length Transaction Disclosure Form

| Organization Name (ON) | Agreement Number |
|------------------------|------------------|
| | |

A related party is a person, place, or thing related to or closely held by another person, place, or thing. A transaction between the two is a less than arm's length transaction. DECAL requires (Budget Guidance Manual) that related party transactions be disclosed, when federal funds are planned for the execution of such transactions. Failure to disclose these relationships inhibits the State agency's ability to make informed decisions regarding the allowability of the costs. According to FNS 796-2 Rev. 4 VIII B this will result in the disallowance of the cost and may subject the institution, its principals, employees, consultants or others to the administrative and legal remedies available to the State agency and FNS.

This form must be used to disclose any and all transactions with related parties. Load this form using the paper clip in the first line where costs are disclosed in your budget. In addition, specific prior written approval, (CACFP ONLY), must be obtained. See http://decal.ga.gov/documents/attachments/SpecWritPriorAppReq.doc

In the following section, name all leaders of the organization, who have relationships with a person, business, and/or facility who will be paid by the named organization, with CACFP funds. Leaders are considered those with organizational decision making and/or financial authority. Use additional lines as needed. Define the title, initial, and name the Leader. Disclose other identifying information that would clarify the relationship and inherent financial interest.

Principals

| Delegated Principal (DP) | | |
|--------------------------|------|------|
| Board Chairperson (BC)_ | | |
| Board Member (BM1) | | |
| | | |
| Board Member (BM3) | | |
| Title (Initials) | Name | |
| Title (Initials) | Name | |

When personnel, facilities, or contracts, are planned to be paid with CACFP meal reimbursement AND a financial or personal interest exist, with any of the above named, complete the Related Party - Less Than Arm's Length **Transaction Disclosure Form** using the following additional instructions.

- 1) In Cost Category/Budget Line Item column, list the **Cost Category** where the CACFP cost will be projected.
- 2) In the second column name the **Person(s)**, **Place (Address)** or **Thing** that will be included in that cost category. List people or company (ies) by name and Function. List facility (ies) by Address and Usage.
- 3) Link the person/place/thing in column 2, with the Leader named above, using the initial to the left of the named. Provide title and name, for those titles not already listed.
- 4) Identify the **Relationship** between the person, place, or thing and the principal.
- 5) Include the total **Projected Cost** for the period. (*Do NOT allocate for CACFP/SFSP*)

An example of a completed form follows.

APPENDIX H

Related Party – Less Than Arm's Length Transaction Disclosure Form

| Organization Name (ON) Early Start Early Learning, LLCAgreement Number X0334 |
|--|
|--|

Principals

| Delegated Principal (DP) | Bright Young | Leader Examples: |
|--|---------------------|-------------------------|
| Board Chairperson (BC) | Ledger Balance | (BM1) Bright Startlings |
| Board Member (BM1) Board Member (BM2) | - | (DP) Demont Caring |
| Board Member (BM3) | | (BC) Ledger Balance |
| Principal of Holding Firm Title (Initials) | (HF) Theo Ands Name | (HF) Theo Ands |
| Title (Initials) | Name | |

| Cost Category/Budget Line Item | Person, Place (Address), or Thing/Function or Usage | Leaders | Relationship | PROJECTED COST (ANNUAL) | Internal Use Only |
|-------------------------------------|--|---------|------------------------|----------------------------|----------------------|
| Food Service Labor and Benefits | Earlie Startlings/Cook | BMI | Spouse/Wife | \$35,000 | |
| Space Cost/Rental/Lease | 123 LearningBoulevard Atlanta, GA/ Childcare Facility | DP | Owner of Property | \$2,000 | |
| Contracted/Professional Services | The CPC Firm, LLC/Accountant | ВС | Partner in CPA Firm | \$5,000 | |
| Salaries and Benefits | Theadora Ands/ Program Contact | HF | Daughter | \$40,000 | |
| | | | | | |
| | | | | | |

| I certify that the information I have provided above is complete, true and correct. | | | | | |
|---|---------------------------|---------------------------|--|--|--|
| | | | | | |
| Demont Caring | Owner/Delegated Principal | <u>September 30, 2015</u> | | | |
| Signature | Title | Date | | | |
| | | | | | |
| | | | | | |

Related Party – Less Than Arm's Length Transaction Disclosure Form

| Organization Name (Of | N) | Ag | reement Number_ | | |
|---|--|-----------------|-------------------|---|----------------------|
| | | Principal | ls | | |
| Delegated Principal (DP) | · | | | | |
| Board Chairperson (BC) | | | | | |
| Board Member (BM1) | | | | | |
| Board Member (BM2) | | | | | |
| Board Member (BM3) | | | | | |
| Title (Initials) | Name | | | | |
| Title (Initials) | Name | | | | |
| Cost Category/Budget Line Item | Person, Place, Thing/Function or Usage | Leader | Relationship | PROJECTED COST (ANNUAL) | Internal Use Only |
| | | | | | |
| | | - | | | |
| | | + | | | |
| | | | | | |
| | | | | | |
| | | | | • | |
| I certify that the information | on I have provided abov | ve is complete, | true and correct. | | |
| Signature | | Т | Title Title | Date | |
| Mail to: Bright from the Star Attn: Budget Analyst 2 Martin Luther King Jr. Driv Atlanta, GA 30334 | | _ | | to: Budget Analyst (7' archant-Boshears@dec: | |
| FOR DECAL USE ONLY: | | | | | |
| DECAL Official: | | _ | Date: | | |